

FEB 13 2004

Memorandum by Council Information Office

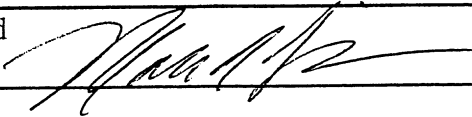
TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Leslye Corsiglia
Scott P. Johnson

SUBJECT: SEE BELOW

DATE: February 4, 2004

Approved



Date

2/12/04

COUNCIL DISTRICT: Citywide

INFORMATION

SUBJECT: REPORT ON ACTIVITIES UNDERTAKEN BY THE DIRECTOR OF HOUSING AND THE DIRECTOR OF FINANCE UNDER THE DIRECTORS' DELEGATION OF AUTHORITY FOR THE PERIOD OCTOBER 1, 2003 TO DECEMBER 31, 2003

BACKGROUND

On September 4, 1990, the City Council adopted Ordinance No. 23589, which delegated to the Director of Housing certain specified authorities in the administration of the City's comprehensive affordable housing program (the "Delegation of Authority"), codified in Chapter 5.06 of the Municipal Code. On May 23, 2000, the Delegation of Authority was amended by Ordinance No. 26127 to clarify certain sections and add several other provisions. On June 25, 2002, the Delegation of Authority was further amended by Ordinance No. 26657 to add several provisions to the already delegated authority of the Directors of Housing and Finance. Additionally, the City Manager delegated to the Director of Housing the Contract Authority granted to the City Manager by Part 6 of Chapter 5.06 of the Municipal Code. These recent changes became effective 30 days later, or July 25, 2002.

This report has been prepared pursuant to the provisions of the Ordinance. The subject report covers activities under the revised Ordinance for the period of October 1, 2003 to December 31, 2003.

ANALYSIS

The Delegation of Authority Ordinance authorizes the Director of Housing: to develop and implement additional guidelines for housing programs; to adjust terms on housing loans and grants; to change the funding sources of a loan; to convert loans to grants; to loan or grant Housing and Homeless funds, Predevelopment funds and Housing Rehabilitation Program funds;

to negotiate and execute grant agreements necessary to implement Council-approved programs adopted in the Annual Action Plan of the Consolidated Plan; to provide management for, and/or dispose of, properties acquired through direct purchase, foreclosure or deed-in-lieu proceedings; to formalize the City Council's policies and procedures regarding housing loan defaults; to apply for federal or State funding; and to make other technical changes under the Director of Housing's Delegation of Authority. Ordinance No. 26657 further broadened the Director of Housing's authority to make adjustments, within defined parameters, to loans and grants previously approved by the City Council; to delegate jointly to the Director of Housing and Director of Finance authority related to the City's issuance of tax-exempt, private-activity bonds to finance the development of affordable housing projects; to delegate to the Director of Finance the authority to hold Tax Equity and Fiscal Responsibility Act (TEFRA) hearings on the City's proposed issuance of tax-exempt bonds to finance affordable housing projects and the authority to determine, within defined parameters, various terms and conditions of loans and grants previously approved by the City Council.

Under these parameters, the Director of Housing has taken the following actions during the period of October 1, 2003 to December 31, 2003:

Housing Trust Fund Grants:

Grant increase to Santa Clara County Housing Authority for the Promoting Growth and Early Self-Sufficiency (PROGRESS) program.	\$160,000
Grant increase to Emergency Housing Consortium for the Emergency Housing and Homeless Services Program.	<u>\$ 40,099</u>
TOTAL:	\$200,099

Housing Rehabilitation and Improvement Loans and Grants:

<u>ACTIVITY</u>	<u>NUMBER</u>	<u>AMOUNT</u>
REHABILITATION LOANS	8	\$ 326,168
REHABILITATION GRANTS	56	\$ 597,660
PAINT GRANTS	106	<u>\$ 300,494</u>
TOTAL:		\$1,224,322

Modifications to Council-Approved Loan Terms & Condition

Oak Circle Senior Apartments (Council District: 7, SNI: None): The project is a 100-unit senior housing rental development affordable to extremely low-, very low- and low-income households with 2 unrestricted managers' units. On November 4, 2003, the affordability restrictions were modified to utilize additional tax credit equity received by the developer to decrease rent levels and increase affordability.

Original		
Units	# of Bedrooms	Income Limits
15	1	30% AMI
56	1	45% AMI
20	1	50% AMI
9	2	45% AMI

Revised		
Units	# of Bedrooms	Income Limits
15	1	25% AMI
56	1	30% AMI
20	1	50% AMI
7	2	45% AMI
2	2	Unrestricted

This modification to the affordability restrictions supersedes the Delegation of Authority dated June 6, 2003.

Tierra Encantada – Council District: 5, SNI: Mayfair:

The City Construction and Permanent Loan in the original amount of \$4,000,000 was amended as follows:

- a) The loan was subordinated to a bridge loan in the principal amount not to exceed \$2,400,000 and interest, to be secured by a deed of trust.
- b) The City promissory note was amended to reflect that the interest accrued on the loan during construction and the required principal payment of \$319,000 is due only after the senior and the bridge loans are repaid.

Concern for the Poor Inc. – Council District: 5, SNI: None:

The unsecured \$110,000 predevelopment loan made to Concern for the Poor, Inc. for the development of a 50-unit transitional development on Las Plumas Drive, was written off the general ledger as the obligation has been determined to be uncollectable.

Loans/Grants Terms and Conditions:

Bella Castello at Kelley Park Apartments – Council District: 3, SNI: Spartan-Keyes:

On June 24, 2003, the City Council approved a commitment of funds in the amount of \$4,265,000, for an acquisition and predevelopment loan to ROEM Bella, LLC, an affiliate of ROEM Development Corporation. On December 16, 2003, the Council approved a Disposition and Development Agreement for the land for the project. The acquisition and predevelopment loan is structured as follows:

Acquisition/Predevelopment	
Loan Amount:	\$4,265,000
Interest Rate	4%
Loan Term	24 Months
Repayment	Due at Maturity
Total Affordable Units	79 Units
No. of ELI Units:	8
Affordability Term	55 Years

Tax Equity and Fiscal Responsibility Act (TEFRA) Hearings by the Director of Finance:


The City held a TEFRA hearing with respect to an application for tax-exempt multi-family housing revenue bonds through the California Statewide Communities Development Authority's (CSCDA), for KDF Almaden, L.P., a California limited partnership, as owner of Almaden Plaza/Twin Trees Apartments. – Hearing held on November 20, 2003 - \$9,000,000 – Certificate No. 2003-09. Adopted.

PUBLIC OUTREACH

The public has the opportunity to comment on projects during the Tax Equity and Fiscal Responsibility act (TEFRA) hearings are held by the Director of Finance. Notices for these meetings are published at least fifteen (15) days prior to the hearing date.

COORDINATION

This report has been coordinated with the City Attorney's Office.


SCOTT P. JOHNSON
Director of Finance


LESLIE CORSIGLIA
Director of Housing